

Congressional Hispanic Caucus**United States Congress****Washington, DC 20515**

CHAIRWOMAN

NYDIA M. VELAZQUEZ

12TH DISTRICT, NEW YORK

June 25, 2010

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The Honorable Julius Genachowski
Chairman, Federal Communications Commission
445 12th Street, N.W.
Washington, D.C. 20544

Dear Chairman Genachowski:

We are writing to encourage you to reconsider the April 16, 2010 order issued by the Federal Communications Commission (FCC) denying the adoption of a new high-cost area support mechanism to address the telecommunications needs of Puerto Rico. The Congressional Hispanic Caucus (CHC) is concerned that the failure to implement an insular-specific Universal Service Fund (USF) support mechanism, in contravention of a 1996 congressional mandate, has deprived the residents of Puerto Rico of the benefits of having a variety of telecommunications and information services.

The FCC's decision ignores undisputed data showing that Puerto Rico has extremely low wireline telephone and broadband penetration rates, very high maintenance costs resulting from its mountainous topography, and higher than average infrastructure deterioration due to severe tropical weather and atmosphere associated with its location in the Caribbean. In addition, because Puerto Rico is an island, costs are made even higher because materials and supplies must be transported into Puerto Rico.

While the most recent Census data reported that the telephone penetration rate in Puerto Rico was 91%, recent surveys by the FCC place the figure at only approximately 75%. Both figures are significantly below the U.S. mainland penetration rate of 98.2%. In the area of broadband penetration, the FCC's Wireline Bureau reported in February 2010 that only 24% of households in Puerto Rico have access to high-speed Internet, compared to 60% access in the United States mainland. Despite these extraordinary conditions, and the mandate contained in the Telecommunications Act of 1996 that consumers in insular and high-cost areas have reasonably comparative telecommunications and information services to those available in urban areas, the FCC has denied the special consideration which consumers in Puerto Rico warrant.

In its order denying insular funding to Puerto Rico, the FCC appears to have taken the position that the problems associated with telephone and broadband penetration in Puerto Rico can be resolved by wireless service. By dictating that telephone and broadband penetration problems must be resolved through wireless services, the FCC is treating the

Island differently than the rest of the nation, which continues to have the benefit of USF support of both wireline and wireless systems. Thus, the FCC seems to be superimposing its technology policies, many of which are now being reviewed by Congress, without consideration for the documented needs of the people of Puerto Rico.

Furthermore, the maintenance, deployment and upgrading of Puerto Rico's wireline infrastructure is essential to the delivery of broadband services because it is the infrastructure that delivers these services to consumers. Without insular high-cost area support of Puerto Rico's wireline infrastructure, the digital divide between Puerto Rico and the rest of the nation will continue to persist and to widen. Although we are aware that the FCC has proposed to provide some additional monies to low-income consumers in Puerto Rico by slightly increasing the amount of the subsidy available under its Link Up program, this proposal is not sufficient to upgrade and extend wireline infrastructure in Puerto Rico.

We believe that the FCC's denial of insular high-cost area USF support is contrary to the mandate of Congress that the FCC ensure that every citizen have comparable access to telecommunications services. We strongly urge you to grant the Petition for Reconsideration which is currently pending.

We appreciate your timely and prompt action in this matter. If you have any questions, please contact Patricia Villarreal, CIIC Executive Director, at (202) 225-2410.

Sincerely,

Nydia Velázquez
Chair
Congressional Hispanic Caucus

Joe Baca
Co-Chair
CHC, Communications, Technology
and the Arts Task Force



Silvestre Reyes
Co-Chair
CHC, Communications, Technology
and the Arts Task Force



Congresswoman Nydia Velázquez

12th Congressional District of New York

FAX Cover Sheet

To: Legislative Affairs

From: Patricia Villarreal, Executive Director, Cong. Hispanic Caucus

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From: The Honorable Nydia M. Velázquez
United States House of Representatives
2466 Rayburn House Office Building
Washington D.C. 20515
(202) 225-2361 (phone)
(202) 226-0327 (fax)

Comments:

If this transmission is not complete, please contact us at: (202) 225-2361



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

August 6, 2010

The Honorable Joe Baca
U.S. House of Representatives
2245 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Baca:

Thank you for your letter regarding the Commission's April 16, 2010, *Order and Notice of Proposed Rulemaking (NPRM)* in which it declined to adopt the high-cost support mechanism proposed by the Puerto Rico Telephone Company (PRTC). I understand your concerns, and I firmly believe that ongoing improvement and lasting benefits for Puerto Rico are dependent on comprehensive universal service fund reform.

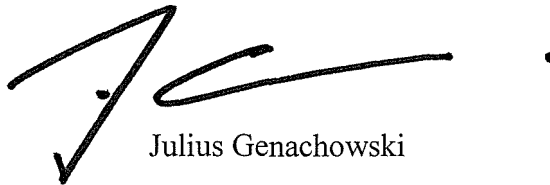
In the *Order and NPRM*, the Commission acknowledged that there may be a significant number of low-income consumers in Puerto Rico who lack access to voice telephone service because they are unable to afford line connection charges when new facilities must be built to reach them. Nevertheless, the record revealed dramatic increases in telephone subscribership in Puerto Rico, with telephone subscribership rising from 73.8 percent to 91.9 percent between 2005 and 2008. In light of these positive developments, we found that it was not necessary to provide a separate universal service high-cost support mechanism for non-rural insular carriers. Instead, the *Order and NPRM* proposed targeted changes to our rules to help eligible consumers in Puerto Rico take better advantage of existing universal service low-income support programs. The proposed rules would provide additional funding through the Link-Up Program to help offset special construction charges incurred by consumers when facilities must be built to provide them with access to voice telephone service. By removing an impediment to affordable voice telephone service, we hope to further close the gap in telephone subscribership rates between the Commonwealth and non-insular areas.

For a permanent solution, I am committed to accomplishing comprehensive reform of universal service – as recommended in the National Broadband Plan – to provide a more efficient and effective vehicle for addressing service issues in insular and high-cost areas like Puerto Rico. On April 21, 2010, the Commission began the process of transitioning legacy universal service high-cost support to a new high-cost program that would support broadband as well as voice services. The April 21st *Notice of Inquiry and NPRM* examines near- and longer-term processes to target funding toward new deployment of broadband networks in unserved areas while considering final rules to implement a new Connect America Fund (CAF) mechanism that efficiently ensures universal access to broadband and voice services. As the Commission comprehensively reforms universal service and implements the National Broadband

Plan recommendations, you have my personal assurance that we will keep in mind your concerns and the unique barriers present in Puerto Rico and other insular areas.

Thank you for your interest in this important matter. Please do not hesitate to contact me if I can be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to be 'J. Genachowski', with a stylized flourish at the end.

Julius Genachowski



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

August 6, 2010

The Honorable Silvestre Reyes
U.S. House of Representatives
2433 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Reyes:

Thank you for your letter regarding the Commission's April 16, 2010, *Order and Notice of Proposed Rulemaking (NPRM)* in which it declined to adopt the high-cost support mechanism proposed by the Puerto Rico Telephone Company (PRTC). I understand your concerns, and I firmly believe that ongoing improvement and lasting benefits for Puerto Rico are dependent on comprehensive universal service fund reform.

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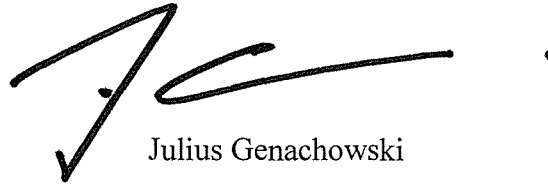
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Julius Genachowski